

Issues in Medicare benefit design and cost sharing

ISSUE: Much of the Commission's research focuses on refining Medicare's payment systems to give providers incentives to improve quality and use fewer resources. However, the design of Medicare's benefits and cost-sharing requirements, along with supplemental coverage available through private insurance, employers, and public programs such as Medicaid affects the degree to which beneficiaries seek care and the types of providers and services they use. Those choices, in turn, affect the quality and cost of care beneficiaries receive, as well as their health outcomes.

KEY POINTS: In September 2007, the Commission looked at patterns in supplemental coverage, utilization, and spending among Medicare beneficiaries. We also examined estimates of the effects of illustrative changes to the benefit structure of fee-for-service Medicare. This month we expand on questions commissioners raised about that analysis. We also explore some of the literature on how insurance coverage affects beneficiaries' use of services and spending.

ACTION: Commissioners should provide feedback on the draft for the Commission's June 2008 Report to the Congress.

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